

**JUDICIAL DEPARTMENT
SUPREME COURT- COMMITTEE ON CHARACTER AND
FITNESS AND BAR EXAMINERS ACCOUNT FOR THE
PERIOD JULY 1 THROUGH SEPTEMBER 11, 2003 AND
FOR THE FISCAL YEARS ENDED JUNE 30, 2003,
2002, AND 2001**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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EXECUTIVE SUMMARY

Our audit of the Supreme Court - Committee on Character and Fitness and Bar Examiners Account for the period July 1 through September 11, 2003 and for the fiscal years ended June 30, 2001 through 2003 did not result in any audit findings.

In September 2003, Supreme Court officials closed this bank account and transferred all available cash to the general fund.

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March 15, 2004

Honorable Frank J. Williams
Chief Justice of the Supreme Court
Licht Judicial Complex
250 Benefit Street
Providence, RI 02903

Dear Mr. Chief Justice:

We have completed an audit of the Supreme Court Committee on Character and Fitness and Bar Examiners Account for the period July 1 through September 11, 2003 and for the fiscal years ended June 30, 2003, 2002, and 2001 in accordance with Sections 35-7-3 and 35-7-4 of the Rhode Island General Laws.

Since our report did not contain any recommendations, no further action is required by your agency.

Sincerely,

Frank J. Collaro, Jr. CFE, CGFM
Acting Chief, Bureau of Audits

FJC:pp

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INTRODUCTION

Objectives, Scope, and Methodology

The scope of our audit was to review and test the cash transactions and operating practices followed in administering the Supreme Court – Committee on Character and Fitness and Bar Examiners Account for the period July 1 through September 11, 2003 and for the fiscal years ended June 30, 2003, 2002, and 2001. Our objectives were to determine whether the account operated in compliance with applicable state laws and established rules and regulations; the accounting system used was adequate and the procedures followed were efficient and effective; all cash transactions were properly accounted for; controls are in place to sufficiently safeguard and protect assets; and the financial statements for the fiscal years audited are presented fairly.

Our audit was made in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances. To achieve our objectives, we reviewed relevant policies and procedures and state laws and regulations; interviewed personnel, and performed audit tests and analytical procedures to the financial data provided.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 (c) of the Rhode Island General Laws requires the auditee to respond within 60 days to all recommendations in this report. Since this report did not contain any recommendations, no further action is required by your agency.

Background

Committee on Character and Fitness: Established by the Supreme Court in 1988, the Committee on Character and Fitness determines the moral fitness of Rhode Island Bar applicants by scrutinizing their finances, legal training, and criminal records, if any. Additionally, applicants must participate in a personal interview.

If further review is warranted following the interview, applicants may be referred to the full committee for a hearing. A recommendation is then made to the Supreme Court as to whether or not an applicant should be admitted to the bar or even allowed to take the bar examination. The Supreme Court may either grant the applicant's request or require the applicant to show cause as to why the court should grant said request.

The committee has seven members who are appointed by the Supreme Court. Members serve three-year terms.

Board of Bar Examiners: The Board of Bar Examiners tests the legal knowledge of bar applicants by administering the Rhode Island bar examination on the last Wednesday and Thursday of February and July. Prior to sitting for the two-day bar examination, applicants must have graduated from a law school approved and accredited by the American Bar Association and must have received a scaled score of at least 80 on the Multistate Professional Responsibility Exam.

The Supreme Court appoints seven attorneys to the board for five-year terms. Members of the board proctor the bar exam and score the responses to the essay questions.



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The Honorable Frank J. Williams
Chief Justice of the Supreme Court

We have audited the accompanying statements of cash receipts and disbursements of the Committee on Character and Fitness and Bar Examiners Account for the period July 1 through September 11, 2003 and for the fiscal years ended June 30, 2003, 2002, and 2001. These financial statements are the responsibility of the Supreme Court's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audit in accordance with the *Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the statements of cash receipts and disbursements is a summary of the cash activity of the Supreme Court Committee on Character and Fitness and Bar Examiners Account and does not present transactions that would be included in the financial statements presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles. Accordingly, the accompanying statements are not intended to present financial position or results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the cash receipts and disbursements for the period July 1 through September 11, 2003 and for the fiscal years ended June 30, 2003, 2002, and 2001 on the basis of accounting described in Note 1.

Frank J. Collaro, Jr., CFE, CGFM
Acting Chief, Bureau of Audits
October 6, 2003

FJC:pp

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		Fiscal Years Ended June 30:		
	July 1 thru 9/11/2003	2003	2002	2001
<u>Cash Receipts</u>				
Fees	\$ -	93,807.00	92,002.68	87,677.20
<u>Cash Disbursements</u>				
Transfer to the General Fund	81,907.77	75,000.00	-	-
BankCharges/Fees	-	14.00	21.00	14.00
Payroll	-	-	-	50,000.00
Exam Costs	-	23,573.42	29,113.03	25,880.78
Meeting Costs	-	552.60	879.54	804.17
Miscellaneous	-	6,631.47	3,771.65	2,155.70
Total Cash Disbursements	81,907.77	105,771.49	33,785.22	78,854.65
Excess (Deficiency) of Cash Receipts Over Cash Disbursements	(81,907.77)	(11,964.49)	58,217.46	8,822.55
Cash Balance, Beginning	81,907.77	93,872.26	35,654.80	26,832.25
Cash Balance, Ending	\$ -	81,907.77	93,872.26	35,654.80

See accompanying note to financial statement.

Note - The final transfer to close this account was made in
 September 2003.

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NOTE TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Note 1 – Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the financial statements. Accordingly, the accompanying financial statements are not intended to present financial position or results of operations in conformity with generally accepted accounting principles.